

Message Text

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PAGE 01 BOGOTA 07011 261541Z

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SUBJ: THE WEEK IN COLOMBIA

1. SUMMARY. THE WEEK'S EVENTS WERE OVERSHADOWED BY PRES LOPEZ'S SPEECH ON THE OCCASION OF THE OPENING OF CONGRESS AND THE INITIAL WEEK'S ACTIVITIES OF THE LEGISLATIVE BODY. A STRONG SENSE OF STABILITY AND ORDER PREVAILED IN THE COUNTRY AS COLOMBIANS WATCHED THE PRES AND CONGRESS CARRY OUT THEIR CONSTITUTIONAL ROLES IN AN ATMOSPHERE OF DOMESTIC TRANQUILITY, FREE OF LABOR DISTURBANCES, OR SIGNIFICANT GUERRILLA OR CRIMINAL ACTIVITY. THE PRES'S SPEECH (BOGOTA 6886), 155 PAGES LONG, PRESENTED LITTLE THAT WAS NEW BUT DID CONTAIN SEVERAL INTERESTING STATEMENTS ON THE COLOMBO-VENEZUELA TERRITORIAL WATERS DISPUTE (BOGOTA 6888), LOS AND COLOMBIAN SEA LIMITS (BOGOTA 6853), THE PANAMA-COLOMBIA CANAL AGREEMENT (BOGOTA 6850), AND US-COLOMBIAN RELATIONS AND LOPEZ'S STATE VISIT (BOGOTA 6821). THE SPEECH WAS A BROAD DEFENSE OF THE LOPEZ ADMIN'S POLICIES DURING ITS FIRST YEAR IN OFFICE. CARLOS LLERAS RESUMED HIS ACTIVE POLIT SCHEDULE AFTER A PERIOD OF MOURNING AND PERSONAL RETREAT COCASIONED BY THE UNEXPECTED DEATH BY HEART FAILURE OF HIS 40 YEAR OLD DAUGHTER, ON JULY 14. CLOSE ASSOCIATES OF LLERAS SAY HE WAS SO OVERCOME
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BOGOTA 07011 261541Z

BY SHOCK AND GRIEF THAT HE WAS CLOSE TO ANNOUNCING HIS PERMANENT

RETIREMENT FROM PUBLIC LIFE, BUT APPARENTLY LLERAS'S INDOM-ITABLE SENSE OF MISSION AND UNQUENCHABLE AMBITION PREVAILED. INFORMED COLOMBIANS AWAITED WITH INTEREST THE OUTCOME OF THE MEETING IN SANTA MARTA OF PRESIDENTS LOPEZ AND PEREZ, OF COLOMBIA AND VENEZUELA, AND GEN TORRIJOS OF PANAMA, THE AGENDA FOR WHICH REPORTEDLY WILL INCLUDE THE PANAMA CANAL, CUBAN SANCTIONS, AND, BILATERALLY, THE COLOMBO-VENEZUELAN SEA LIMITS DISPUTE AND LOPEZ'S PROPOSAL TO DECLARE THE GULF OF VENEZUELA A COLOMBO-VENEZUELAN "CONDOMINIUM". OAS SECY GEN ORFILA WILL ALSO ATTEND THE MEETING. BEYOND THE SANTA MARTA MEETING, COLOMBIANS WERE LOOKING AHEAD TO WHAT WILL PROBABLY BE A MAJOR ADDRESS BY PRES LOPEZ ON AUG 7, THE FIRST ANNIVERSARY OF HIS INAUGURATION. END SUMMARY.

2. CONGRESS CONVENES. CONGRESS'S FIRST WEEK OF ACTIVITIES WAS HIGHLIGHTED BY (1) THE UNEXPECTEDLY CLOSE MAJORITY WITH WHICH LIBERAL SEN GUSTAVO BALCAZAR MONZON WAS ELECTED SENATE PRES AND (2) THE EQUALLY UNEXPECTED REFUSAL BY BOTH HOUSES TO GRANT SPECIAL POWERS TO THE PRES TO ENACT THE SO-CALLED "LABOR PACKAGE" (BOGOTA 6771). THE AMBITIOUS BALCAZAR, WHO HAD WORKED ON HIS CANDIDACY TO THE SENATE'S PRESIDENCY FOR THE PAST YEAR, AS A LAUNCHING PAD FOR LOFTIER PERSONAL ASPIRATIONS, WON BY 34 VOTES TO 30. ANOTHER LIBERAL SEN TOLD EMBOFFS THAT THE VOTE REPRESENTED A NEARLY SUCCESSFUL ATTEMPT BY SENATE LLERISTAS AND INDEPENDENTS TO DEFEAT TURBAYISTA BALCAZAR, WHICH FAILED ONLY BECAUSE A FEW INDEPENDENT LIBERALS VOTED FOR BALCAZAR OUT OF PERSONAL COMMITMENT. ACCORDING TO THE SOURCE, THE VOTE INDICATED THAT THERE IS A LLERISTA- INDEPENDENT WORKING MAJORITY IN THE SENATE ON MOST ISSUES. ALTHOUGH THE GOVT HAD NOT FORMALLY REQUESTED SPECIAL POWERS FROM THE CONGRESS TO ENACT THE "LABOR PACKAGE," IT WAS WIDELY EXPECTED THAT IT WOULD DO SO IN ORDER TO AVOID CONTROVERSY IN THE CONGRESS AND IRRESPONSIBLE DEMAGOGUERY WHICH COULD PRODUCE LABOR REFORMS THAT WOULD BE HARMFUL TO THE ECONOMY (BOGOTA A-75). OVERWHELMING VOTES IN THE COMMITTEES OF BOTH HOUSES--UNANIMOUS IN THE SENATE COMMITTEE--TO DENY THE SPECIAL POWERS CAME AS A SURPRISE. THE VOTES PROTEND AN INDEPENDENT AND EVEN FEISTY MOOD IN THE CONGRESS DURING THE NEW SESSION.

3. THE MIL IN THE SPOTLIGHT. COLOMBIAN ARMY DAY, JULY 23 AND NAVY DAY JULY 24 CALLED FORTH SPEECHES BY PRES LOPEZ AND MIL LEADERS WHICH
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BOGOTA 07011 261541Z

CONTAINED NOTEWORTHY COMMENTS. ARMY COMMANDER GEN CAMACHO LEYVA, WHO REPLACED THE CONTROVERSIAL GEN VALENCIA TOVAR IN THE WAKE OF MIL COUP RUMORS, REFERRED TO THOSE RUMORS IN HIS MESSAGE TO THE ARMY. CAMACHO SAID, "...THERE ARE COMMUNICATION MEDIA AT THE SERVICE OF DOCTRINES WHICH ARE FOREIGN TO OUR TRADITIONS AND TO OUR DESIRES THAT AIM AT DESTROYING THE IMAGE OF WHAT WE ARE." HE ALSO REMINDED THE COUNTRY OF THE ARMY'S PEACEKEEPING FUNCTION AND EXHORTED "GOOD CITIZENS" TO COOPERATE WITH THE FORCES OF

ORDER. PRES LOPEZ, IN WORDS APPARENTLY TAILORED TO REASSURE COLOMBIANS, DECLARED THAT THE ARMY IS "EXEMPLARY" AND "DISCIPLINED." THE FOLLOWING DAY, NAVY COMDR ADM BARRERA LARRARTE DREW ATTENTION TO THE TERRITORIAL WATERS DISPUTE WITH VENEZUELA BY UNDERLINING WHAT HE CALLED THE "GREAT INTEREST OF THE GOVT IN RECOVERING NATIONAL WATERS." HE ALSO REFLECTED THE GOC'S GROWING ATTENTION TO LOS MATTERS BY POINTING TO THE RESOURCES OF THE SEA AS A "REMEDY FOR COLOMBIA'S NEEDS." AND BY EXPRESSING SATISFACTION OVER "RECENT GOVT ANNOUNCEMENTS ON MATTERS RELATED TO (THE SEAS)". ATTENTION WAS ALSO TURNED BACK BRIEFLY TO MAY COUP RUMORS AND MIL PER CHANGES WHEN A LETTER FROM FORMER ARMY COMDR, GEN VALENCIA TOVAR TO THE NY TIMES WAS MADE PUBLIC IN WHICH HE DENIED SUGGESTIONS BY A TIMES WRITER THAT HE MAY HAVE BEEN INVOLVED IN COUP PLOTTING. THE WRITER, MARVINE HOWE, IMPLIED (NY TIMES JULY 20) THAT VALENCIA WAS A MEMBER OF A MIL GROUP SYMPATHETIC TO THE "PERUVIAN EXPERIMENT." GEN VALENCIA FELT OBLIGED TO FORMALLY DENOUNCE SUCH ACCUSATIONS AS "A PRODUCT OF ABSURD RUMORS AND FANTASIES."

4. MINFINAN SUBMITS 76 BUDGET. THE 76 BUDGET AS PRESENTED TO THE CONGRESS ON JULY 21 BY FINANMIN BOTERO, PROJECTS EXPENDITURES OF 52.8 BILLION, A NOMINAL INCREASE OF 35 PERCENT OVER 75 LEVELS AND AN INCREASE IN REAL RESOURCES OF 15 PERCENT. LARGEST INCREASES ARE IN AGRICULTURE 97.6 PERCENT, LABOR 88.9 PERCENT, PUBLIC HEALTH 69.2 PERCENT, DEF 52.1 PERCENT AND EDUCATION 34.9 PERCENT. THE PRINCIPAL BENEFICIARIES OF THE INCREASES ACCORDING TO THE PRES, ARE TO BE THE RURAL POOR, THROUGH EXPANDED NUTRITION, HEALTH SERVICES, PUBLIC HEALTH, AND TECH ASSISTANCE AND FINAN TO INCREASE AGRICULTURAL OUTPUT AMONG SMALL FARMERS. ALTHOUGH ADDITIONAL EXPENDITURES ARE LIKELY TO BE DECREED DURING 76, REVENUES ARE EXPECTED TO BE LUSH AND THE GENERAL IMPACT OF GOVT EXPENDITURES SHOULD BE NON-INFLATIONARY.

5. COLOMBIAN REACTION TO BRAZILIAN COFFEE SITUATION.
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 BOGOTA 07011 261541Z

ARTURO GOMEZ JARAMILLO, COLOMBIA'S LEADING AUTHORITY ON COFFEE PRODUCTION, CALLED FOR PRUDENT MANAGEMENT IN RESPONSE TO THE NEW SITUATION CAUSED BY THE RECENT DESTRUCTIVE FROST TO THE COFFEE CROP IN BRAZIL. WHILE NOTING THAT THE SCARCITY OF AVAILABLE COFFEE STOCKS STATISTICALLY SUPPORTED CURRENT OR IMPROVED PRICES, HE STATED THAT THE FUTURE OF THE COFFEE MARKET STILL DEPENDED IN GOOD PART ON THE POLICY WHICH BRAZIL ADOPTS AFTER A REALISTIC EVAL OF THE FROST DAMAGE HAS BEEN MADE. HE ADDED THAT IMPROVED COFFEE PRICES THEMSELVES WOULD PROVIDE SUFFICIENT STIMULUS FOR INCREASED COFFEE PRODUCTION IN COLOMBIA AND THAT A POLICY OF AGRICULTURAL DIVERSIFICATION IN COFFEE GROWING REGIONS TO PROTECT THOSE AREAS AGAINST FUTURE WIDE FLUCTUATIONS IN THE PRICE OF COFFEE SHOULD BE CONTINUED. HE ALSO TOOK THE OPPORTUNITY TO URGE THE CONTINUATION OF THE NEGOTIATING PROCESS ON THE WORLD COFFEE

PACT, STATING THAT THE PACT CONTAINED APPROPRIATE MECHANISMS TO ADJUST PRICES ANNUALLY AS A REFLECTION OF CHANGED MARKET CONDITIONS.

6. EINAUDI VISIT. LUIGI R EINAUDI OF THE DEPT'S POLICY PLANNING STAFF HAD A BRIEF BUT HIGHLY INTENSIVE VISIT IN BOGOTA EARLY IN THE WEEK. DURING THE TWO DAY STAY, MR EINAUDI MET WITH MOST OF COLOMBIA'S HIGH LEVEL FORN POLICY MAKERS INCLUDING FONMIN LIEVANO, THE JOINT CONGRESSIONAL FORN AFFAIRS ADVISORY COMMITTEE, STUDY GROUPS OF BOTH THE LIBERAL AND CONSERVATIVE PARTIES, WHICH INCLUDED CONGRESSMEN AND HIGH PARTY OFFICIALS, KEY LEADERS OF THE MEDIA, AND THE WAR COLLEGE. HE ALSO DISCUSSED FORN RPOLICY ISSUES WITH MEMBERS OF THE EMBSTAFF. THE EXCHANGE OF VIEWS WITH HIGH-LEVEL COLOMBIANS HAS UNDOUBTEDLY LEFT THEM WITH A BETTER UNDERSTANDING OF US POLICY REGARDING LA AND THE "NEW DIALOGUE." BEFORE DEPARTING MR EINAUDI REPORTED THAT HIS OWN PERCEPTIONS OF LA HAD BEEN BROADENED AND REFRESHED BY HIS MEETINGS. VAKY

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